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REVIVAL OF THE TRADE IN WOOLENS

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In common with the other productive interests of America, the wool and woollen industry paid the price of the severe financial depression which set in suddenly in the autumn of 1907. This depression which spread over the entire nation soon made itself felt in a decreased demand for woollen fabrics, due to the general disturbance of business confidence. The inevitable result was that some woollen mills became idle and many more were working on reduced time, and the reflex was felt far away from the older manufacturing states on the farms of the Middle West and the ranches and ranges of the Far West and the Rocky Mountains. Manufacturers of the East, having no market for their fabrics, could not buy and utilize the Western wool, and the indivisibility of the industry received one more vivid and compelling demonstration.

The wools in common use fell off sharply in price, in sympathy with the falling demand for all kinds of woollen cloth and clothing. Of course, the dismay and suffering of the free wool period of 1894-1897 among the farmers and wool growers of the great agricultural and grazing states were not paralleled, but the conditions were the severest that had confronted the wool growers as well as the manufacturers since the system of adequate protection, so vital to the wool and woollen interests, was re-established in 1897 in the enactment of the Dingley law.

Following the year of the financial panic came, in 1908, the always nervous year of a general Presidential election, with the accompanying clamor for immediate tariff revision. Peculiarly susceptible to foreign competition, the wool and woollen industry felt this double stress more keenly than many other interests, and though conditions in the industry gradually improved in the spring and summer of 1908, the industry had not attained a normal or satisfactory volume of business.

Prosperity Under the New Tariff

Now, however, wool growing and wool manufacturing have attained and held for some time a reasonably strong, buoyant prosperity. This did not wait for the final settlement of the tariff question by Congress and the actual enactment of the new Aldrich-Payne law. Improvement began to be marked and rapid early in the latter half of 1908, as soon as it had become manifest that the political forces pledged to a maintenance of the protective principle were practically sure to win the Presidential election in November. There was no perceptible halt or decline in this prosperity when tariff revision became inevitable in the announcement of Chairman Payne, of the Committee on Ways and Means, immediately after the election, that his committee would begin at once to hold a series of hearings for the great producing interests of the country, with a view to the preparation of the first draft of a new tariff law.

The wool and woolen industry of this country had not asked for a tariff revision. It had not advocated a reduction of the rates of duty protecting other industries, and it felt that it could not afford any material reduction in the duties covering its own. There was, moreover, no difference of opinion between the growers of wool and the manufacturers of wool as a whole as to the wisdom and justice of the maintenance of adequate protection on the materials of manufacture. Raw wool, though classified as a crude product, is nevertheless the finished product of the ranch, the range and the farm.

Both wool growers and wool manufacturers in the main believed that there was no serious danger to their interest in a revision of the tariff by the friends of the protective principle, but both well understood how complex a thing a tariff is and especially the wool and woolen schedule. Both were loth to exchange a legislative system which had worked with such unexampled smoothness and success for the upbuilding of their industry as had the Dingley law for a new law framed, doubtless, in good faith and with honest intent to maintain adequate protection, but which through human fallibility might nevertheless embody errors of construction or involve errors of interpretation from which the Dingley law had been singularly free.

It was the frank, dominant opinion of this industry, how-

ever it may have been with other industries, that the time had not come when another general revision of the tariff was necessary or advisable, and that the proposed action of Congress was distinctly premature. Yet the industry, as a whole, did not actively dispute the determination reached by the leaders of the National Administration that there should be a general revision of the tariff. Careful preparation was made by the National Association of Wool Manufacturers, co-operating, as always, with the National Wool Growers' Association, to present an exact and comprehensive statement of conditions in the industry and of the amount of tariff protection absolutely needed, to the members of the Committee on Ways and Means, who were holding their series of tariff hearings in Washington. This statement was delivered before the committee on December 2, 1908, shortly before the opening of the last session of the Sixtieth Congress. On behalf of the industry we asked for no increase in duty whatsoever. We did urge that substantially the existing rates of protection to the wool grower and to the manufacturer should be maintained unchanged, but that for the sake of better symmetry and accuracy there should be a reduction in the duty on that semi-manufactured article known as "tops." Subsequently this position was reaffirmed to the Senate Committee on Finance, and a great amount of supplementary argument and information was submitted.

The wool and woolen schedule of the new tariff, the Aldrich-Payne law, is highly satisfactory to our industry in general. The duty on "tops" was reformed and reduced exactly as we had recommended, and there were some real though not deep reductions in the duty on certain kinds of dress goods and worsted yarns. Otherwise, the wool and woolen schedule of the Dingley law was left intact in the new tariff, a fortunate circumstance considering the conscientious skill with which this difficult schedule had been constructed by Chairman Dingley and his associates in 1897.

When I say that the wool and woolen schedule of the Aldrich-Payne law is highly satisfactory to our industry in general, I am not unmindful of the fact that to create an absolutely perfect tariff law, every detail of which shall suit all diverse and conflicting interests and every fallible individual human judgment, is something that involves a superhuman wisdom. There are within our industry a few critics of the new tariff, but in numbers they

are very few indeed and in the proportion of the industry which they represent they are almost inconsiderable. Moreover, their criticism of the new tariff is unquestionably due to a serious misapprehension of the principles upon which it has been constructed. Never, probably, has a new tariff law approved itself so almost universally as this to the wool and woollen industry of America.

Since the Aldrich-Payne law took effect the purchases of wool by the American mills have reflected the buoyant confidence of manufacturers that we are entering now upon an era of genuine prosperity, and that, secure in adequate protection, the wool and woollen industry of this country will enjoy its rightful share of the national good fortune. Mills that were idle have been reopened, and mills that were on reduced time have gone on full time. There is no lack of business now for any manufacturer who knows the practical conditions of his trade and has kept pace with the march of modern requirements.

Alleged Price Increases

There have been some increases in the price of goods but these are not due to any tariff changes, for the only changes in the tariff, as has already been said, are downward. They, moreover, are increases in price as compared with the abnormal panic conditions of last year, and not with prices of the normal year preceding. They constitute merely a restoration to figures that should naturally prevail when trade conditions are reasonably good. There has been a notable strengthening in the demand for wool, and a very great enhancement in the prices paid to the producers as contrasted with the panic figures of a year or more ago. Of course, this inevitably compels an increase in the cost of goods, but it is the ancient and inexorable law of demand and supply and not any tariff change or any tariff increase that is responsible.

Fully two-thirds of the wools consumed in the manufacture of the clothing of the American people are grown on our own soil, and these clothing wools should be carefully distinguished from the cheaper and coarser carpet wools, almost all of which have to be imported. This statistical comparison of the imports of wools of both kinds into this country during the three fiscal years, 1907, 1908 and 1909, shows how firmly the wool and woollen industry

is recovering from the financial depression—indeed, how the industry began to recover, even before the new tariff law was enacted, as soon as it was clearly seen that it was to be fully protective in its character:

IMPORTS OF WOOL IN POUNDS			
Class I	1907	1908	1909
Clothing wools	82,982,116	45,798,303	142,583,993
Class II			
Clothing wools	10,671,378	13,332,540	21,952,259
Class III			
Carpet wools	110,194,051	66,849,681	101,876,052
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	203,847,545	125,980,524	266,409,304

There is every reason to believe that the total consumption of domestic and foreign wool in the American wool manufacture, carpets included, during the fiscal year 1909, will represent 600,000,000 pounds.

International Trade Conditions

In both clothing and carpets the American wool factories of to-day control the great bulk of the huge domestic market, the richest and best market in the world. But they do this only by incessant effort, for, especially in the higher grades of manufactured goods, they are constantly pressed by foreign competition. Contrary to a general belief, our imports of wool manufactures, especially of cloths and dress goods, are not decreasing but are increasing—this larger purchase of foreign goods representing a gain of about 70 per cent. in the decade between 1898 and 1907. It should be remembered that undervaluation has been flagrant in our imports of textile manufactures, and the foreign values with the duty added represent very much more accurately the actual amount of domestic manufactures displaced by these imported goods. The record of imports of manufactures of wool entered for consumption in the fiscal years from 1898 to 1907 is shown in the Table B.

On the other hand, our exports of wool manufactures are inconsiderable, amounting to only \$2,330,958 in 1907, and to

\$1,942,774 in 1908. These exports consist chiefly of ready-made wearing apparel sold in the nearby markets of Canada and Mexico. The high protective duty on the raw material, the superior wages and standards of comfort of our work-people, and the rather petty, provincial preference manifested in some quarters for foreign woolen goods regardless of their real quality, all combine to make the wool manufacture in America a difficult art, and to put out of the question all thought of developing a considerable export trade to other countries. Yet if American manufacturers of woolen goods can supply the needs of the great domestic market, the market of the most prosperous and exacting people in the world, there is sufficient here to guarantee to the industry a steady, wholesome growth and reasonable prosperity in all the years to come.

TABLE B.

Year.	Foreign values.	Duty-paid values.
1898	\$13,500,241	\$24,150,565
1899	13,978,852	27,249,433
1900	15,620,487	29,905,268
1901	14,729,450	28,178,756
1902	16,977,872	32,526,112
1903	19,302,007	36,866,701
1904	17,632,313	33,961,347
1905	18,021,042	34,568,634
1906	22,353,591	42,538,640
1907	22,357,206	42,349,232

Competition in the Woolen Industry

There are more people—many more people—in this country than in any other country who can afford to buy good woolen clothes. And the rigor of the climate over the greater part of our domain compels the wearing of woolen clothing of firm, honest quality. This demand is being successfully met by American manufacturers at the present time, and this is one of the greatest and most characteristic of American industries. It is unlike some other manufacturing industries in that the wool manufacture takes its material in the raw state from the farms and ranches, and by its own processes transforms this raw material into highly finished goods. The woolen factory, therefore, is far more than a mere place where many products already finished are assembled.

During the heat of the recent tariff debates in Congress a

great deal has been heard about the "woolen trust." There is no such thing in this industry as a trust or monopoly. It is not one of the interests that have come to be dominated by one gigantic corporation. There are more than a thousand separate wool manufacturing establishments in the United States. Some of them are large concerns, but the great majority are of small or moderate dimensions, and all are competing actively with each other in the purchase of wool and in the disposal of their finished products. This industry is now paying to its operatives wages more than 30 per cent higher than the ruling rates of ten or a dozen years ago. The workers in American woolen mills receive about twice the wages of those who perform similar labor in Great Britain, and very nearly three times the wages of those who are engaged in like employment in the textile mills of the continent of Europe. A careful compilation of the actual net earnings of representative woolen mills of New England shows that they are making an average profit of not far from 6 to 7 per cent—certainly not an inordinate return from an industry exposed to so many caprices of fashion and to the hazards of trade.

Outlook for the Future

In conclusion, I regard our new tariff law as sufficient to conserve the manufacture in the United States of all classes of woolen goods that are worn by the American people, and as sufficient for the proper development of the industry in its present status. Therefore, in regard to competition from Europe, the industry is certainly as well protected as ever before. It is to be borne in mind, however, that the wool and woolen industry is an interdependent one; that its prosperity and the prosperity of those who are engaged in it are involved in the general prosperity of the nation. The public men upon whom has rested the responsibility of framing the present tariff law have been governed by the underlying principle that what is good for the whole must be good for each part, and that all that can be expected for any one industry is its proportionate share of the prosperity of the whole. I believe that the new tariff is favorable not only to the wool and woolen industry but in general to all the other productive interests of the United States. Under these circumstances, if the American

people are prosperous, the wool and woolen industry, adequately protected as it is under the new law, will inevitably be prosperous also. But it would not be prosperous, however fortunate might be the peculiar legislative and other conditions surrounding it, if the new tariff legislation were not beneficial to the other great interests of the United States.